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# THE LOCOMOTIVE ENGINEERS' ARBITRATION: ITS ANTECEDENTS AND ITS OUTCOME

## SUMMARY

History and Organization of the various Railroad Brotherhoods, 264. — Their policies: removal of inequalities, seniority, attitude toward closed shop, 267. — Methods of payment and wage schedules for the engineers, 272. — Concerted movements by various brotherhoods before 1910, 273. — The successful strategy of the conductors and trainmen in 1910, 275. — The engineers' demands of 1910, adjusted by mediation, 279. — New demands for the eastern territory in 1912; final reference to the Board of Arbitration, 280. — Arguments of engineers, 284; of the railroads, 286. — The award, 288. — Some general questions: pay on weak roads, increase of freight rates, fairness of general rate of wages, 290. — The concluding recommendation of compulsory arbitration, 292.

THE Board appointed in June, 1912, to arbitrate the questions at issue between the eastern railroads and their locomotive engineers announced its decisions and recommendations on November 25th, after nearly five months' consideration. The case is of exceptional interest, because the engineers' demands and their method of attack illustrate the new trend of railroad labor union policy, because of the high character of the board and the unusual thoroughness of its study of the matters in dispute, and, not least, because the board went beyond the adjustment of the differences of the moment to suggest a method of preventing further serious labor difficulties. Undoubtedly the award will form an important precedent in the settlement of the differences now in course of adjustment with other railroad labor unions, and its influence will

probably be felt by labor unions in general. From the active interest in the case outside of railroad circles, it is safe to predict that public opinion will become a more potent factor in curbing selfishness and unreasonableness in either or both parties to future wage controversies.

Before undertaking the consideration of the recent activities of the railroad labor unions, it seems advisable to summarize the history and policies of the organizations among the men in train service. They are all effectively organized and militant. The Brotherhood of Locomotive Engineers is the oldest and strongest. It was organized in 1863 and for the greater part of its life (1874-1903) had in P. M. Arthur an able and conservative leader. The order has had no serious conflict since the unsuccessful Burlington strike in 1888. Its policy of non-affiliation with other organizations has been followed consistently. The engineers are proud of their record for adhering to the terms of their agreements with the railroads. In the exceptional cases of breach of contract on the part of local lodges, severe discipline has been administered by the national officers, even to the point of expulsion from the organization.<sup>1</sup> Mr. Arthur held the respect and confidence both of engineers and railroad managers, and his administration after the Burlington strike was marked by an absence of friction with employers. His successor, Warren S. Stone, still Grand Chief Engineer, has held to Mr. Arthur's conservative policies, at least until very recently. Beginning with the negotiations in Chicago in 1910, his attitude has become somewhat more aggressive; but, on the whole, it cannot be said that the good reputation of the

<sup>1</sup> To give an instance, the charter of the lodge comprising the engineers on the New York Elevated Railway was cancelled and the members expelled from the brotherhood because of an unauthorized strike in March, 1905.

brotherhood has suffered at his hands. Mr. Stone came into office with little experience in organization matters. He began work at nineteen as a fireman on the Rock Island road, and served twenty-four years as an engineer. During the two years prior to his election as grand chief, he was general chairman of the Rock Island engineers, but had no other training for the administration of the most important of the railroad brotherhoods. The finances of the organization and its insurance subsidiary (the latter a feature common to all railroad labor unions) are strong; and the membership, which embraces nearly 90% of all the engineers in the United States, Canada, and Mexico, is about 72,500.

Next in importance among the railroad brotherhoods is the Order of Railroad Conductors, which was organized in 1868 and has a membership of approximately 49,000, or about 90% of all train conductors. It has followed the lead of the engineers in their policies and is a close second in conservatism. Within recent years, however, it has become closely affiliated with the younger trainmen's organization, and the more radical tendencies of the trainmen are reflected in the newer policies of the conductors. It is now customary for conductors and trainmen to act together with the railroads in joint conference. One wage agreement includes both organizations, and in the personnel of the joint committee the conductors are outnumbered by the members of the younger brotherhood, since the latter represents not only train brakemen and train baggagemen but yard switchmen as well.

Next in point of age comes the Brotherhood of Locomotive Firemen, which had its beginning in 1873. A few years ago its name was changed to the Brotherhood of Locomotive Firemen and Enginemen, a recog-

dition of its growing engineer membership. Altogether, the organization includes about 75,000 men. It is making a strong bid to retain the newly promoted engineers, and is undoubtedly working toward a consolidation with the older organization on terms favorable to the firemen. Both brotherhoods have mutual insurance based on the assessment plan. Because of the higher death rate, the assessments on the engineers are heavier than on the firemen, and the firemen, when promoted, are reluctant to give up their more favorable insurance rates. At the same time they would like to have the protection of the older and stronger organization. The firemen are constantly working for the right to represent their engineer members, a monopoly jealously guarded by the Brotherhood of Locomotive Engineers. The differences between them are of vital importance to the engineers' organization and conflicts have not been avoided, sometimes involving the railroads in strikes.<sup>1</sup> At the present time a *modus vivendi* is generally recognized which gives the engineers' organization the sole right to negotiate with the companies on wage questions and working rules affecting engineers, and to represent any engineer in an appeal from discipline; while the firemen's organization deals with the companies on wage and rules questions for the firemen, and has the right to represent its engineer members when they have grievances to be adjusted.

The youngest organization in train service, but the strongest numerically, is the Brotherhood of Railroad Trainmen, which dates from 1883. Its membership is said to be 136,000 and, as already stated, includes not only the train brakemen and train baggagemen

<sup>1</sup> The Southern Pacific had a strike of firemen in 1906 because the company would not recognize them in attempting to legislate for yard engineers who belonged to the firemen's organization.

but also conductors, brakemen, and switch-tenders in yard service. A rival organization, the Switchmen's Union of North America, claims a small proportion of the yard forces. It was organized in 1894 and is said to have a membership of somewhat less than 10,000. Its influence is confined to Buffalo, Chicago, St. Paul, Minneapolis, and a few small yards in the northwest. What little prestige it had was seriously damaged by a strike in 1909 in the Northwest, which was begun while mediation proceedings were in progress. The strike was lost, and the switchmen charge its failure to the trainmen, who, they say, went beyond the point of neutrality in assisting the companies to keep traffic moving.

With the exception of the shop crafts, there remains but one other important national railroad union,—the Order of Railroad Telegraphers. It was organized in 1886 and has about 40,000 members. The membership includes railroad telegraph operators, signalmen, towermen, and a few agents who act also as telegraph operators. Its policies, compared with those of the train service brotherhoods, are somewhat radical,<sup>1</sup> and its history records frequent strikes and discord, not only with employers but within its own ranks. The telegraphers belong to the American Federation of Labor, as do also the Switchmen's Union and the shop crafts. None of the train service brotherhoods, however, are affiliated with the American Federation, tho on some railroads there are local federations to which conductors, trainmen, firemen, and telegraphers are parties. The engineers generally hold themselves aloof from anything of the kind, as they are opposed

<sup>1</sup> For instance, the telegraphers attempt to restrict the number of operators by forbidding their members to assist "students." This attitude had much to do with the extension of telephone train dispatching, since the operators need not be proficient as telegraphers.

to sympathetic strikes. Early in the history of their organization, Mr. Arthur personally, and the engineers as a body, were severely condemned by other organizations, particularly the Knights of Labor, for this attitude, and there was bitter feeling between the leaders at the time of the Missouri Pacific strike in 1886. The engineers believe that it is unwise to pool their issues with the younger and less conservative brotherhoods. The engineer's risk is greater than that of a fireman or brakeman; he jeopardizes a more valuable position obtained by longer service; his contribution in strength and prestige is out of proportion to that of the other organizations; and he fears the results of entangling alliances.

In the early days of railroading, and before the growth of the brotherhoods, there were wide dissimilarities in the rates of pay and working conditions on the different railroads. Even on roads in the same territory, and indeed on different divisions of a single railroad, there was little uniformity. Working conditions were established without recourse to collective bargaining, and the employee had little voice in fixing the scale of wages. There were occasional instances of local unions of railroad men, but they were short-lived and ineffective. The influence of the unions was not felt until after the close of the civil war. Then the engineers took the lead in gaining recognition as a union, and established in railroad service the principle of collective bargaining. As the strength and solidarity of the brotherhoods developed, important concessions were made by the railroads, such as the principle of promotion according to seniority in service, and the abolition of rates of pay graded according to length of service. Gradually the larger hardships in working conditions and inequalities in rates of pay

were ironed out, and something approaching uniformity began. First, twelve hours was established as the length of the working day; then ten hours; and now their efforts are directed toward an eight hour day.<sup>1</sup> Working agreements became the rule, and negotiations were conducted with committees, frankly recognized as representing the brotherhoods, or, less frequently, received only as representing the employees in a particular branch of the service. So, during the past twenty-five years, the great majority of the railroads have accepted the new conditions, not only recognizing the right of employees to organize and deal collectively, but conceding that this method is not without its advantages to the companies as well as to the employees. The Pennsylvania Railroad is somewhat unique in its long continued policy in refusing to deal directly with unions as such, but that this company has at length receded from this untenable position is evident from the fact that it was party to the recent conferences with the engineers' brotherhood, and that an officer of the company is chairman of the conference committee of managers appointed to conduct the negotiations now under way with the firemen's organization.

The older school of railroad managers deploras the evil effect of labor unions on efficiency and discipline. The younger officials are inclined to regard them as a condition in modern industrial organization which is to be accepted and met. Much has been written on this subject, and much remains to be said.<sup>2</sup> It may be noted in passing that the insistence of the unions upon the application of the seniority principle,

<sup>1</sup> The recent award in the engineers' arbitration establishes the equivalent of a five hour day in through passenger service.

<sup>2</sup> The topic is interestingly discussed in *The Confessions of a Railroad Signalman* by James O. Fagan.



which automatically places the oldest man in point of service in the preferred position without regard to special fitness or merit, undoubtedly puts a premium on mediocrity. The incentive to meritorious service, which obtained under former conditions, is now largely lacking. The man who does his work indifferently, and just manages to keep out of trouble, stands practically the same chance for promotion as his more ambitious fellow who discharges his duties with zeal and distinct ability. The saving clause that seniority shall govern "when merit and fitness" are equal is difficult of enforcement. The superintendent merely has it within his power to debar from promotion those whose records clearly show incompetency. But the burden of proof is on him in such cases, and his only effective method of off-setting the defects of the seniority rule is to use more care in the selection of new men when recruiting brakemen and firemen, and to maintain a comprehensive and continuous policy of supervision and education. The responsibility for the rule lies as much, if not more, with the railroads as with the unions, since the urgent demand for seniority grew out of the early practice of favoritism by superintendents and their subordinate officials. The one undisputed advantage of seniority is that it eliminates the discontent and disloyalty growing out of unfair discrimination, and some railroad managers go so far as to say that this outweighs its disadvantages. Yet the rule tends to make "average" men, and its influence on efficiency is downward.

Seniority has built a high wall around the older men in train service. It was designed by them to keep out intruders, but it also keeps in and restricts the mobility of those it is designed to protect. An engineer or conductor is practically anchored for life with one

railroad. He cannot move to another line, much as it might be to his advantage, without sacrificing valuable seniority rights on the road he leaves. He must begin at the bottom of the list on the other road. With yardmen and young brakemen there is still some mobility, and these occasionally gravitate toward the roads with favorable working conditions and promise of quick promotion. But as standardization progresses there is less incentive to move, and such changes become relatively infrequent.<sup>1</sup>

Nominally, the railroad labor union does not insist upon the "closed shop." It is difficult to ascertain just how many employees in train service remain outside the union ranks, but it is probably close to the mark to say 10%. Mr. Stone, of the engineers, has stated frequently that engineers have no objection to working with non-union men. They aim to make the organization such that all engineers will *wish* to join it. A man who comes in against his will, they regard as a dead weight in times of peace and a menace in times of trouble. Some men, says Mr. Stone, they cannot get; others they do not want; but no effort is made to prevent the non-member from reaping the advantages secured by the organization for the engineers as a body.<sup>2</sup> This is stated also to be the policy of the other train service brotherhoods.

As a practical matter, however, the man who remains outside the pale of the unions is in an embarrassing position. No open objection is made, but his motives

<sup>1</sup> At one time a certain railroad in Pennsylvania secured many of its freight brakemen and switchmen from other roads with less favorable working conditions. They thus obtained experienced men at the expense of the less favorably situated roads. Now that conditions have become standardized, this shifting is negligible, except when changes are made for other reasons.

<sup>2</sup> So stated in an address by Mr. Stone at Harvard University, January 24, 1910. It is possible that the competition of the firemen's organization has some influence in this broad policy of the engineers.

are questioned and he is covertly made to realize that his fellow workmen look upon him as a "sponger" who profits by all of the advantages obtained by the organizations without the assumption of risk or expense. Then, too, if he is careless or unfortunate, and feels that he has been treated unjustly by the railroad officials, he will find it difficult to interest the committees in his case. The open shop policy, therefore, is more nominal than real.

The early basis of payment in train service was the trip, day, or month. But because of differences in the amount of work done in a day or on a trip the unions advocated and secured the general adoption of the mileage basis, which is essentially a piece-work plan, safeguarded by generous minima. Trainmen and enginemen are now paid a certain rate per mile for the different classes of service, and in the case of the engine crews the compensation is further graded to take account of the weight or size of the engines. The common basis for the minimum day is one hundred miles or ten hours, with a guarantee of at least ten miles per hour. If one hundred miles are made, the trainman is paid for the actual mileage at the specified rate per mile. If the run is less than one hundred miles, a minimum of one hundred miles is allowed. If, however, he is on duty more than ten hours, he is paid on the basis of at least ten miles per hour for all time on duty, unless his actual mileage is greater than the hours multiplied by ten. The engineers' new basis in through passenger service is twenty miles per hour. In some cases an exceptional rate is paid to men in local freight service where mileage is small and hours are long. In fixing the mileage rate the endeavor is to insure a reasonable day's pay, taking into account the characteristics of each class of service

and the skill and exertion required. These differences will be illustrated later in the discussion of the engineers' arbitration award.

Coupled with the rates of pay, the agreements between the organizations and the railroads (commonly termed the "wage schedule") contain certain rules which affect compensation, define the line of promotion, procedure in investigations, appeal from discipline, and many other matters incident to operation. The agreements are often long and go into extreme particularity. Some of them have from sixty to seventy articles, covering fifteen or more octavo pages. Usually they are made effective for one year from the date of execution and thereafter with thirty days' notice of a desire for revision. Generally speaking, they are now revised about every two years. Negotiations are conducted with the company by a general committee representing the employees in one branch of the service, but in case of a disagreement the employees frequently call upon their national officers to assist them in making the final settlement.

A recent development in the method of handling such negotiations is seen in what is called the "concerted movement." Since 1906 there have been several instances of the kind, and the engineers' case, just decided, was one of them. The national officers of an organization, under this plan, serve notice on all the railroads in a given territory that they desire to revise the agreements, suggesting that a committee of managers be appointed to represent all of the railroads interested and deal with a committee representing the employees on those roads.

At the present time three distinct territories are recognized. The eastern embraces all the railroads east of Chicago and north of the Chesapeake and

Ohio railway; the western includes the lines radiating northward, westward, and southward from Chicago and St. Louis, with the Illinois Central as the eastern dividing line; the southern takes in the roads south of and including the Chesapeake and Ohio, and east of but not including the Illinois Central.

The first notable concerted movement was launched by the conductors and trainmen in western territory in 1907. The joint committees represented thirty-eight railroads with 101,500 miles of line and 42,500 conductors and trainmen. They failed to agree, and the railroads requested mediation under the Erdman Act. Accordingly the mediators (Chairman Knapp of the Interstate Commerce Commission, and Commissioner of Labor Neill) went to Chicago, and succeeded in bringing about an agreement, the results of which were favorable to the employees affected.

The next important concerted movement to secure higher wages was brought about by the firemen early in 1910. This occurred also in western territory and again the railroads, after several unsuccessful conferences, asked the mediators to use their influence. The mediation in itself failed to settle the difficulties, the Board succeeded in getting the two parties to arbitrate. The mileage of the roads affected was 110,000 and the number of firemen about 26,000. The arbitration award carried with it material increases in pay, but, as is usual in such cases, was a compromise between the rates demanded by the firemen and the increased rates offered by the companies before the case went to arbitration.

With a view to duplicating in the east their earlier successes in the west through concerted action, and to bringing about standardization <sup>1</sup> of wages and working

<sup>1</sup> Standardization, as used here, does not mean one rate for *all* conductors or trainmen regardless of the character of the service. The plan recognizes differences in

rules in both territories, the conductors and trainmen, early in 1910, adopted similar tactics in the east. They had intended to follow up their advantage and start the movement in eastern territory immediately after the conclusion of the western movement in 1907. This programme, however, was upset by the business depression which began in the latter part of 1907, and action was deferred until January 1, 1910. Then they sent notices and uniform demands to all of the eastern roads, with request for joint action. Up to that time the important concerted movements had been confined to the west. In the east, the managers believed that the greater differences in physical, operating, and traffic conditions made standardization impractical. When the request for concerted action was considered by the General Managers' Association of New York, there was difference of opinion as to whether the roads should deal in concert or individually, and the majority decided upon the latter course. Subsequent events proved that their wiser course would have been to act together, since the organizations (as will be explained later) accomplished their purpose in another way by the exercise of superior strategy.

Having been denied concerted negotiations, the organizations then proceeded to serve their demands on the individual roads. These were uniformly refused because they were considered unreasonable, and the local committees, acting under instructions from their national officers, would accept nothing short of the proposed basis. Meeting with no success in this method of attack, the organizations selected one road

passenger and freight service, and in through and local runs, and contemplates a classification of switching terminals according to density of traffic. What it means is absolute uniformity in the classification of rates and the working rules on every road in a given territory.

on which to make a trial of strength, and all activity was centered upon the Baltimore and Ohio railroad, which, with the exception of the Pennsylvania railroad, already had the highest "going rate" in the east. The Baltimore and Ohio would not accede to the demands and a strike vote was taken which gave the union officials power to use extreme measures. When the situation became serious, and a strike seemed certain, the railroad requested the Federal Mediation Board to intervene, and through its influence a compromise was reached which gave the men considerable increases in pay and established a new bench mark in eastern territory. Operations were then shifted to the New Haven railroad, at a time when it was involved with the Massachusetts legislature with respect to its policy of expansion; and the new Baltimore basis was forced on the New Haven and Boston and Maine roads with little difficulty. The organizations then focussed their influence on the New York Central, which refused to entertain the demand for the Baltimore basis because of widely dissimilar operating conditions. Again a strike was threatened, only to be averted by an agreement to arbitrate. The confidence of the men in the strength of their position is shown by the fact that they rejected three arbitration proposals before they finally accepted the fourth. The first was that the Federal Board of Mediation should pass on the case, since they had assisted in the settlement on the Baltimore and Ohio; the second, that the Public Service Commission of New York State be asked to decide; and the third, that the presidents of the chambers of commerce of the important cities on the New York Central act as an arbitration board. The suggestion finally accepted was that the whole question should be referred to two

arbitrators — Mr. E. E. Clark, of the Interstate Commerce Commission, and Mr. P. H. Morrissey. The former for many years was head of the Order of Railroad Conductors, and the latter until quite recently was the president of the Brotherhood of Railroad Trainmen. The railroads were then actively engaged in their propaganda looking toward increased freight rates, and it is possible that the New York Central hoped that Commissioner Clark, in passing on the proposed increased wages, might be impressed with the railroad argument that higher rates were necessary to offset a largely increased pay roll expense.

In the meantime, the Lackawanna, Delaware and Hudson, Erie, and other roads in the same section were drawn into the controversy, and they agreed to accept the award of the New York Central arbitration. The award became effective on April 1, 1910, and, with a few exceptions in the case of long distance through runs, gave the Baltimore basis. The Pennsylvania railroad had always paid higher rates than any road in the east, and the organizations, in turning their attention to that system, insisted upon maintaining the favorable differential. They asked that that company should establish rates which were higher than the Baltimore scale. The Pennsylvania company held out, and as they seemed to have the support of public opinion, the unions finally accepted the company's offer to apply the New York Central award, with the understanding that existing rates which were higher should not be disturbed. Other smaller railroads were brought into line, and standardization for conductors and trainmen in the whole eastern territory was accomplished.<sup>1</sup>

<sup>1</sup> For further details see an article by the present writer on "Standardizing the Wages of Railroad Trainmen," *Quarterly Journal of Economics*, November, 1910.



While the conductors and trainmen were engaged in this standardization movement, the engineers and firemen (acting separately) were also busy in the east. Concerted action was not undertaken. Each road was dealt with individually through the local committees, and the success of the negotiations was not uniform. It is probable that the engineers did not anticipate the large increases which finally attended the longer drawn out efforts of the conductors and trainmen. Much to their chagrin, they realized, when the smoke cleared away, that they had not fared as well as the train crew. The standardization feature had brought the smaller roads and branch lines to the high Baltimore basis. The engineers found, particularly in New England, that the excess which had always existed in their favor in comparison with conductors had been materially lessened and in some cases had disappeared entirely. Generally speaking, the engineers had been fairly well satisfied with the increases granted to them by the individual roads, the average rate of advance being close to 10% until it appeared that the increase to conductors and trainmen averaged 20% in the whole territory, and even more in New England. The two facts which were particularly distasteful to the engineers were the substantial narrowing of the differential over the conductors and the exceptionally large increases to yardmen, the latter in some cases exceeding 50%. Before the changes took place, the wages of a yard brakeman in New England were on the average 65% of the yard engineer's rate; after both rates were increased, the brakeman's percentage of the engineer's rate rose to 88%. The absolute increase to the yard engineer was twenty-seven cents per day; that to the yard brakeman was \$1.10 per day. Under the 1909 basis, a

suburban passenger conductor received \$3.84 per day, and the engineer was paid \$3.90. After the 1910 increases, the conductor's rate was advanced to \$4.20 per day, and the engineer's rate to \$4.18, — two cents per day less than the conductor instead of six cents more.

Leaving this unsatisfactory condition in the east to be adjusted at a later date, the national officers of the engineers turned their attention to the west, and there, in the fall of 1910, began a concerted movement for higher rates and important concessions in rules. Their original demands called for 27% average increase in rates. The railroads offered 6% flat. Then the engineers came down to 15% and again to 13%, but the railroads would do no better than to "split the difference" at 9½%. This was not acceptable to the engineers; but the rock on which the negotiations were wrecked was the unreasonable demand for double pay for engineers when operating the large locomotives of the Mallet articulated compound type. These powerful engines have a tractive force nearly double that of an ordinary locomotive. The economy in their use is mainly in the item of labor; their ability to haul greater tonnage means a smaller number of trains and consequently fewer train crews. The engineers naturally viewed with alarm the possibility of a more extensive introduction of engines of the Mallet type, and they would not compromise on the railroads' offer of seventy-five cents more than the highest freight rate. The engineers attempted to justify their demand for double pay on the ground of increased work and great skill, and endeavored also to apply a "value of service" theory, which they advanced more specifically in the more recent dispute. The Mallet engines do twice the amount of work; —

therefore, it was said, the engineers should have twice the ordinary rate. Obviously the reasoning is unsound. Besides, it was clearly shown that altho a higher degree of skill is necessary in the operation of the larger locomotive, the labor is no greater than on any locomotive. On the contrary, it may even be less, because of the labor saving devices (such as power reversing gear) with which the Mallet engines are usually equipped. That the mediators were able to convince the engineers that their position was unreasonable is evident from the fact that the proposed rule has not been included in the more recent demands. Instead of double pay, they finally accepted, through mediation, an excess rate of \$1 per day more than regular freight rates. The final wage basis gave them an increase which averaged 10.1% or slightly more than voluntarily offered by the companies before mediation was invoked.

The new and higher rates in western territory gave an additional reason for re-opening negotiations in the east. In doing so in December, 1911, the engineers demanded a basis which would not only restore their former favorable position with respect to conductors, but would also establish a wage scale higher than had been recently secured in the west. This brings us to a consideration of the controversy which has just been settled by arbitration.

Concerted action was decided upon by the men; and the railroads also agreed to act in a body. A committee of the General Managers' Association of New York met Grand Chief Stone and a sub-committee of engineers, but the two bodies failed to come to an understanding. In fact, the railroads refused to consider the schedule as presented, characterizing the proposed rates and rules as excessive and unrea-

sonable. Negotiations were broken off, and the engineers' committee proceeded to ascertain the temper of the whole membership on the advisability of enforcing the demands by a strike. According to Mr. Stone's statement, the engineers were overwhelmingly in favor of extreme measures. The managers did not weaken; Mr. Stone showed no inclination to compromise; and the situation became alarming. So far as the engineers were concerned, all preparations were made to strike.<sup>1</sup>

Once more, and within a few hours of the time limit set by the engineers, the Federal Mediation Board averted a strike which, had it become effective, might have paralyzed the commerce of the country. On their own initiative, and without a request from either party, the mediators tendered their friendly services, which were at once accepted. There is ground for the belief that this is all that Mr. Stone hoped for, and that he never would have resorted to a strike when so uncertain of the support of public opinion. Before the Mediation Board offered their services, the railroads suggested that the whole matter be referred to the Interstate Commerce Commission. Mr. Stone, however, would not agree to this, and the Commission declined to be drawn into the controversy. It is probable that even had both parties joined in a request, the attitude of the Commission would have been the same.

<sup>1</sup> While the railroads stood firm, and apparently meant to allow the engineers to strike, it is interesting to note that practically no preparation was made for such a crisis, nor was there any discussion of the possibility of finding competent men to operate their locomotives. As a matter of fact, it would have been next to impossible to move traffic without the engineers, and it is evident that the railroads, knowing the futility of attempting to replace the men, relied entirely upon the force of public opinion to side with them when the full extent of the engineers' demands became generally known. Possibly they may have counted on assistance from the firemen, altho it is doubtful if the firemen's ambition to increase power would have led them to take such questionable advantage of the engineers.

Mediation in itself proved ineffective, but out of the conferences came the proposition to arbitrate. On April 30th, an agreement was reached, under which a Board of seven men were to be appointed to arbitrate, one each to be selected by the railroads and the engineers, the two so selected to agree upon five neutral arbitrators. It was provided that in the event of the failure of the two to agree upon the selection of the five men, they were to be appointed by a committee consisting of the Chief Justice of the United States, and the two members of the Mediation Board. It was inevitable that the two partisan arbitrators would not agree, and the remaining five were, on June 8th, appointed according to agreement.<sup>1</sup>

The first hearing before the Board was held on July 15th, and the hearings continued daily until July 27th. To assist the Board in sifting the pertinent facts from the mass of evidence, several experts were engaged, including Professor F. H. Dixon of Dartmouth. All statistics and other evidence were subjected to searching analysis and, in addition, the Board collected additional information through its experts. The stenographic proceedings, and the briefs of both sides, not including the many statistical exhibits, cover about 1600 printed pages. There was every evidence of judicial, painstaking, and thoro treatment of all phases of the subject.

In order to appreciate the significance of the award, it is desirable briefly to review the facts and arguments

<sup>1</sup> The members of the Board were:

Oscar S. Straus, philanthropist, New York City.

Charles R. VanHise, president of the University of Wisconsin, Madison, Wis.

Frederick N. Judson, lawyer, St. Louis (member of Hadley Railroad Securities Commission).

Albert Shaw, editor of the Review of Reviews, New York City.

Otto M. Eidlitz, New York City, former president of the Building Trades Association of New York, member of National Civic Federation.

Daniel Willard, president, Baltimore and Ohio R. R., Baltimore (for the railways.)

P. H. Morrissey, president, Railway Employees' and Investors' Association, — former president, Brotherhood of Railroad Trainmen (for the engineers).

as they were presented. Grand Chief Stone handled the case for the engineers. Considering that he had had few educational advantages and an entire lack of legal experience, and was pitted against a formidable array of trained railroad attorneys and managers, he exhibited remarkable skill in marshalling his evidence, in pleading, and in cross-examining the railroad witnesses. He represented about 30,000 engineers employed by fifty-two railroads. The mileage of these railroads constitutes about 25% of the total in the United States, and as it includes the lines of densest traffic, this 25% handles 47% of the freight tonnage and 43% of the passenger mileage, and receives 40% of the operating revenue of all the railroads in the country.

The demands of the engineers fell under three general heads:—

(1) Higher rates of pay in all classes of service, and standardization so that the rate for each class of service and for engines of certain cylinder dimensions would be classified exactly alike on each of the fifty-two roads and their branches.

(2) New rules of service, which would indirectly increase compensation.

(3) A monopoly of employment for steam engineers on electric locomotives and motor cars or multiple unit trains.

The railroads estimated that the new scale of wages and amended rules would entail an increase averaging 17.71% and would mean that the average yearly compensation of engineers would be increased from \$1500 to \$1775.<sup>1</sup> The exact percentage of increase in the rates alone was not stated, but it probably

<sup>1</sup> The Board considered this an over-estimate, and set the existing average as nearer \$1400. On this basis, the new wage scale would make the annual wages \$1640.

approached 15%. Considering both rates and rules, the range of the combined increases was from 10.41% on the Bessemer and Lake Erie to 56.36% on the Coal and Coke Railway. The new wage schedule was to recognize no distinction between main lines and branches; level and hilly roads; lines of dense and thin traffic; or strong and financially weak companies. The new rules called for additional compensation for delays within the minimum day of ten hours, both at the initial and final terminal; for delays of more than fifteen hours when held away from home at the opposite end of the run; for time held between terminals when obliged to "rest" under the requirements of the federal "hours of service" law; and for additional compensation of twenty-five cents per day for engineers in local freight service. In electric service, the engineers objected to the employment of motormen to run motor cars or multiple unit trains and insisted that they should be manned by steam engineers. They looked ahead to the ultimate large extension of electric service on existing steam railroads, and viewed with alarm the possibility of further encroachment on their monopoly by motormen belonging to a rival organization. The action of the Pennsylvania railroad, in contracting with the Hudson and Manhattan company to divide between them the crews operating electric trains between New York and Newark, precipitated this issue.

Mr. Stone, at the outset, disclaimed the high cost of living as the principal argument for increased compensation. Living expenses he regarded largely as a matter of individual standard and taste. He advanced the following as the important reasons: —

(1) Increased responsibility because of heavier trains, higher speed, and more complicated locomotives.

(2) Greater skill and efficiency required by the more exacting character of the service. Physical and educational examinations have become more rigid; operating rules have become more complex; and signal indications have become more numerous and harder to observe faithfully.<sup>1</sup>

(3) Increased hazard because of the conditions enumerated under the first and second headings, and which have shortened the average service life of an engineer (as an engineer) to eleven years and seven days.

(4) Increased productivity, or as stated by Mr. Stone, "value of service." From the engineer's viewpoint, he is not receiving his proportionate share of the profits from the introduction of larger locomotives which haul longer trains.

Mr. Stone also referred to the higher rates now in effect in the west and in the south as justification for better wages in the east, but he seemed to emphasize "value of service" as a controlling argument. His attempt to show that the engineer is entitled to a larger share of the profit, due to more economical methods, was unconvincing, and it is apparent that the Board was not impressed by the first three arguments. More effective were his arguments and evidence showing that in the adjustments of 1910 the conductors and trainmen had been dealt with more generously, and that (as already explained) the long standing differential over the conductor had been seriously narrowed or, in a few cases, wiped out entirely.

It is unnecessary to go into detail on the arguments offered to support the demand for additional allowances under the proposed rules. Much testimony was given to show that on some roads a hardship

<sup>1</sup> It strikes one as strange to hear of engineers complaining about an increase in the number of signals, since signals are primarily to safeguard train movement and prevent accidents in which the engineer is the first to suffer.



was imposed on engineers in holding them on duty without extra pay before or after the required mileage was made, when managerial foresight might have afforded relief; also to show that occasionally the men suffered loss of earning power by being held away from home or on the road. One cannot escape the conviction that these cases were exceptional, and called for individual negotiation with the offending roads rather than for general rules penalizing alike the well managed and the poorly operated. In all, Mr. Stone called twenty-five engineers to give detailed evidence as to the nature of their duties, the skill, watchfulness and endurance required, and the extent of hardship obtaining under existing methods of operation.

The railroads, in rebuttal, built their case around the opening statement of Mr. B. A. Worthington, president of the Chicago and Alton Railway, who acted as special agent for the conference committee of managers. Altogether, 130 statistical tables, charts, and explanatory statements were filed with the Board, and sixteen railroad officials testified. Their evidence was designed to show: —

(1) That the engineers were already paid relatively higher rates than any other class of railroad employees and that railroad employees as a body were well paid.<sup>1</sup> Changing conditions in operation were recognized in the 1910 wage increases to engineers and no material change has occurred since then. The engineers' vitality and working years compare favorably with those of workers in other lines of employment and the engineers have been fully compensated for the increase in the productive power of their labor incident to

<sup>1</sup> In the "Advance in Rates" cases, 1910, the Interstate Commerce Commission had remarked: — "Organized railroad labor is probably as well paid, and some say better paid, than labor of other kinds, on the average."

modern methods or facilities, in the creation of which they had no part.

(2) To grant the demands would compel the railroads to give the same relative increases to other employees, the combined result of which would be to increase operating expenses by \$67,000,000 per year. The effect would be the same as placing a lien of \$1,340,000,000 of 5% bonds,—the equivalent of increasing the total capitalization 43%.

(3) The financial condition of some of the roads was such that the increased expense would spell bankruptcy, and the credit of all and their ability to make improvements would be seriously impaired.

(4) To grant monopoly to steam engineers in electric service was contrary to public policy. Electric operation is essentially different from steam service, and the railroads, in extending their electrified area, should not be limited in the selection of operators, when men, other than steam locomotive engineers, are equally equipped and available.

(5) The proposed standardization was inequitable, since it did not recognize widely different physical, traffic, operating, and financial characteristics; and was not real, since the engineers insisted that existing rates or rules which were better than the proposed standard should not be changed.

It was shown in the evidence that some of the engineers who testified were paid more than \$200 per month. One man, in a recent month, received \$251 for a daily run which kept him on duty five hours and fourteen minutes per day. Another received \$181 for a run daily, except Sunday, which required six hours and ten minutes duty per day. One statistical table of the Pennsylvania railroad is worth reproducing. It applies to the lines east of Pittsburg in October, 1911, and embraces 75% of the engineers on all trains:—

ITEM	PASSENGER TRAINS		FREIGHT TRAINS	
	Through	Local	Through	Slow Freight
Number of trains .....	11,434	10,409	6,285	22,978
Average hours on rail .....	4.18	4.46	8.03	9.11
Average hours on duty .....	4.68	4.96	8.53	9.66
Average earnings per hour on rail .....	\$1.232	\$0.938	\$0.731	\$0.588
Average earnings per hour on duty .....	\$1.101	\$0.844	\$0.688	\$0.558
Average earnings per trip <sup>1</sup> .....	\$5.16	\$4.18	\$5.87	\$5.38

The award finally made by the Board can hardly be regarded as satisfactory to the engineers. Briefly, it refused to grant the demand for standardization, holding that local variations in the character of the service should, to a reasonable extent, be reflected in rates of pay. It did, however, recognize the principle of a minimum wage in three classes of service, — passenger, \$4.25 per day; freight, \$4.75 per day; and switching, \$4.10 per day, — these minima to apply to all of the railroads. The proposed scale of the engineers had called for \$4.40 to \$4.60 for passenger service; \$5.25 to \$7.00 for freight; and \$4.50 for yards. Beyond the minima just stated the award did not go, but such higher rates as were already in effect continued to apply. The established minimum rates were very little higher than the existing scale, particularly in freight service, where rates lower than \$4.75 applied only to a few of the very old and light locomotives. In passenger service, the increase secured by the new minima applied more generally, and probably averaged about 5%. In yard service, some engineers benefited, but many roads already paid more than the rate awarded. The bulk of the increase, therefore, went to the passenger men. Taking both rates and the more favorable working rules into account, the total effect on the engineers' pay roll was relatively slight, probably about 3%; ranging from 1.8 to 5% on the larger roads, and 20 to 30% on the few weak lines.

<sup>1</sup> Computed from hourly rates; not shown in original tabulation.

As regards the proposed rules, the award was more favorable to the engineers. In way freight service their request for twenty-five cents per day additional was granted. They also gained recognition of the right to compensation when held away from home; but pay does not begin until the period so held exceeds twenty-eight hours, instead of the fifteen hour limit set by the engineers. The Board also conceded the engineers' request to have work trains, helping engines, circus trains, and other irregular service of this character, classed as through freight, which carries higher rates of pay. No initial terminal delay was allowed, but for final terminal delays exceeding one hour, compensation at overtime rates must be paid. This was an important victory for the men, a yardmaster being now prevented from taking from a train crew the benefits of a quick run by holding the train a long time at the entrance to the yard. Some relief was also granted to crews "tied up" on the road through the operation of the "hours of service" law. A discussion of the technical details, however, is not here called for.

On the proposal that engineers should have the monopoly both in steam and electric service the Board decided that steam engineers should have the preference in electric service at the minimum passenger rate of \$4.25. It was held, however, that existing contracts shall not be affected. This left undisturbed the relations between the Pennsylvania railroad and the Hudson and Manhattan company. Except in that particular the decision was satisfactory to the engineers, granting them their desired monopoly at minimum steam service rates.

The clause in the proposed schedule which provided that existing rates or rules more favorable than the

award should not be lowered or amended was granted. Mr. Stone, in his opening address, stated frankly that while the engineers wanted standardization, they were unwilling to give up any better privileges already secured as a result of individual bargaining in previous settlements.

The award was made retroactive to May 1, 1912, being put in force for one year from that date. It may continue in effect indefinitely, — until the engineers express their desire to revise. Whether they will do so will probably depend on the outcome of the negotiations now (January, 1912) pending between the railroads and the other brotherhoods. The firemen, trainmen, and conductors have asked for great advances, and the results of their efforts will influence the engineers.

Turning now to some general questions raised in the arguments and evidence, it deserves to be noted that the railroad argument for the weak road was given scanty consideration. It was held that every road must pay reasonable wages, regardless of financial ability. The Board called attention to the extensive intercorporate holdings of the securities of the fifty-two roads taking part in the proceedings. Six systems control 89% of the entire mileage. Even the remaining 11%, owned by twelve small companies which are classed as independent, have "interlocking" directors who are on the Boards of the larger companies.

A suggestion was made to the Board during the hearings, or at least implied, that the award should recognize the justification, from the railroad viewpoint, of an increase in freight rates.<sup>1</sup> This was dismissed with

<sup>1</sup> The testimony of President McCrea of the Pennsylvania Railroad may be interpreted as a plea for such recognition. He feared that continued encroachment on the reserve would impair railroad credit, and earnestly set forth his view that if further wage increases were granted an advance in rates must follow.

the statement that if any road finds itself unable to pay reasonable wages it may apply to the Interstate Commerce Commission for authority to increase its rates. Such action obviously is open to the roads in any case, and the suggestion of the Board will in itself probably carry little weight with the Commission. In any event, an increase in rates, unless effective on all competing lines, would be of no benefit to a weak line, and even if it were of benefit, the Commission may not discriminate between a poor road and its competitor of greater financial strength.

Nothing was said in the award about the general rate of the engineers' pay, or its fairness or sufficiency when compared with the pay of machinists or similar workmen in other industries, altho evidence on this point was introduced during the hearings both by the railroads and the engineers. The Interstate Commerce Commission has intimated that the wages of railway employees are not low ;<sup>1</sup> the railways contended that they were high enough, even generous. In any discussion of the fundamental questions thus involved, it might be expected that this aspect of the case should be considered. The Board, in its discussion of "The Basis of a Fair Wage," went no further than to compare the average earnings of engineers with those of conductors, trainmen, and firemen. It is obvious that locomotive engineers have great responsibilities, and that the interests of the railways and of the public call for the selection of men who are watchful, intelligent, well-trained,—a picked lot. Pay should be high enough to attract and hold such men. It would seem equally obvious that the railroads should not be required to pay more than is sufficient to get such men. The vulnerability of a railroad system, the

<sup>1</sup> See the note to p. 286.

immense loss from sudden cessation of traffic, existing state of public suspicion and even hostility toward the roads, the strength of the brotherhood organization, — all these create a temptation for the employees to press their demands higher and higher, and to secure for themselves a virtually favored position among the workmen of the country. Whether the engineers seemed to have done anything of the sort in this case, the Board did not undertake to say; indeed it entered on no consideration of the problem from this point of view.

Possibly this question of principle was involved in the concluding parts of the Board's report. It put on record emphatically its opinion that the interest of the public in controversies of this kind is greater than that of employer or employee, and suggested that railroad labor unions should be subject to control by federal or state wage commissions, with authority to settle wage disputes. The Board proposed for the unions the same kind of control now exercised over combinations of capital. Essentially, this would mean compulsory arbitration.

Compulsory arbitration is strongly opposed in this country by the labor organizations. It is true that in the early days of the Knights of Labor their platform contained a plank which favored the principle. But in the hearings before the Industrial Commission in 1899, the labor leaders who testified were unanimous in their opposition. Many railroad managers now favor the principle. President Delano, of the Wabash railroad, suggested two years ago<sup>1</sup> that a court of labor arbitration should be established, and the *Railway Age Gazette*, the leading railroad journal, has advocated editorially that the Interstate Commerce

<sup>1</sup> *Railway Age Gazette*, April 7, and May 12, 1911.

Commission should deal with disputes on wages, as well as on rates.<sup>1</sup> Only a few years ago, suggestions of this kind were resented by the railroads and, if favored at all, were advanced by employees. The balance of power, formerly held by the railroads, is now with the unions, and it is not surprising that railroad managers generally are in sympathy with this recommendation of the Board. Neither need we be surprised to find that Mr. Morrissey, the engineers' representative on the Board, dissented from the findings as a whole, and particularly objected to compulsory arbitration. In an able minority report, he found fault with the premises on which the Board based its minimum rates, and strongly criticized the proposal for a wage commission. He believed that present methods, tho imperfect were far to be preferred, and asserted that the peace which might be secured by compulsory arbitration would be purchased at too dear a price. To quote his concluding words: "To insure the permanent industrial peace so much desired will require a broader statesmanship than that which would shackle the rights of a large group of our citizens."

The concluding recommendation of the Board deservedly attracted wide attention. It is not novel; but it had never before been so conspicuously and effectively presented in connection with an important labor arbitration.

Whatever may be the ultimate effect of the award and its recommendations, the work of the Board beyond doubt ranks high in the achievements of arbitration tribunals. It not only discharged ably its responsibilities in settling the disputed points in this specific case, but advanced a constructive pro-

<sup>1</sup> Railway Age Gazette, April 8, 1910.



gram which would afford the necessary protection in future wage controversies to all the parties concerned, — not only the railways and their employees, but the public also.

WILLIAM J. CUNNINGHAM.

HARVARD UNIVERSITY.